

1 ANDREW R. NELSON (SBN 214895)
FORWARD COUNSEL LLP
2 4340 Von Karman Avenue, Suite 380
Newport Beach, California 92660
3 Telephone: (949) 258-9359
4 Facsimile: (949) 273-1070
anelson@forwardcounsel.com

5 Attorneys for Defendants,
6 BCW DIVERSIFIED, INC. and ERIC BROWNELL
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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA– WESTERN DIVISION**
10

11 ULTRA PRO INTERNATIONAL, LLC,
a Delaware Limited Liability Company

12 Plaintiff,
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14 vs.

15 BCW DIVERSIFIED, INC., an Indiana
Corporation, and ERIC BROWNELL, an
16 individual

17 Defendants.
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CASE NO. 2:24-cv-8467

**MEMORANDUM OF POINTS
AND AUTHORITIES IN
SUPPORT OF MOTION TO
DISMISS OR, IN THE
ALTERNATIVE, TO TRANSFER**

**[NOTICE OF MOTION AND
MOTION, DECLARATION OF
ERIC BROWNELL, AND
[PROPOSED] ORDER FILED
CONCURRENTLY HEREWITH]**

Hearing Date: November 20, 2024

Time: 10:00 a.m.

Courtroom: 880

Judge: Hon. Maria A. Audero

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Defendants BCW Diversified, Inc. (“BCW”) and Eric Brownell (“Brownell”) (collectively, “Defendants”) submit the following Memorandum of Points & Authorities in support of their Motion to Dismiss or Transfer pursuant to Fed.R.Civ.P. 13(a) and 28 U.S.C.A. § 1404(a):

I. INTRODUCTION

This California action should be dismissed. Plaintiff Ultra Pro International, LLC (“Ultra Pro”) should bring its claims as counterclaims in a prior pending Indiana federal court action, which concerns the same parties and subject matter. In the alternative, this Court should consider transferring this suit to Indiana, where it can be consolidated with the prior pending Indiana case to avoid wasting judicial resources and minimize the risk of inconsistent judgments.

II. RELEVANT FACTS

This is the fourth federal trademark suit filed since June 2024 over essentially the same subject matter. On June 6, 2024, Ultra Pro (a Delaware LLC with a principal place of business in Commerce, California) filed suit in federal district court in Chicago, Illinois against BCW (an Indiana Corporation with its principal place of business in Indiana). See Declaration of Eric Brownell (“Brownell Decl.”), ¶13, Exh. B thereto. In that Chicago suit, Ultra Pro alleged trademark counterfeiting and trademark infringement, trademark dilution, unfair competition and false designation or origin arising under the Lanham Act, and state law claims for unlawful and deceptive acts and practices. See *Ultra Pro International, LLC v. BCW Diversified, Inc.* 24-cv-04725 (N.D. Ill.). *Ibid.* The trademarks at issue in that case were: (1) ULTRA PRO; (2) PRO-BINDER; (3) PENNY SLEEVES; (4) MINI SNAP; (5) DECK VAULT; (6) CHROMAFUSION TECHNOLOGY; and (7) TOPLOADER. (*Id.*, Dkt 1 at ¶ 8-22). *Ibid.* After BCW moved to transfer the case from Chicago to Indianapolis, Ultra Pro voluntarily dismissed the Chicago action on September 26, 2024 pursuant to Fed.R.Civ.P. Rule 41. *Id.* dkt 18, 22, 23. Brownell Decl., ¶15, Exh. F threereo.

1 On August 14, 2024, Ultra Pro filed a second suit in the Northern District of
2 Illinois, this time against 133 of BCW’s customers, alleging that by selling BCW’s
3 TOPLOADER products, they were infringing on Ultra Pro’s mark. *Ultra Pro*
4 *International, LLC v. Defendants Identified in Schedule A*, 24-cv-07259 (N.D. Ill.).
5 When joinder was questioned by the Court, Ultra Pro voluntarily dismissed 132 of the
6 133 defendants. That case remains pending in Chicago against a single BCW customer.
7 *Id.* at dkt 12-13. Brownell Decl., ¶¶14-15, Exh. C thereto.

8 Ultra Pro’s abrupt dismissal of its lawsuit in Chicago left BCW in a precarious
9 position, facing continued uncertainty and the threat of future legal action regarding its
10 trademark rights. Brownell Decl., ¶18. Prior to filing its lawsuits against BCW and
11 BCW’s customers, an Ultra Pro representative threatened BCW with enforcement
12 action regarding the “toploader” trademark at the National Sports Collectors
13 Convention in Chicago, Illinois from July 26–30, 2023. Brownell Decl., ¶11. At this
14 industry trade show, Ultra Pro employees told BCW employees that Ultra Pro had
15 registered “top loader” with the United States Patent and Trademark Office and that
16 Ultra Pro intended to use those registrations to enforce the marks against BCW unless
17 BCW paid Ultra Pro a fee. *Ibid.*

18 Despite the dismissal of the lawsuit—a dismissal without prejudice—the threat
19 remained real. Ultra Pro’s registered trademarks for PRO-BINDER, PENNY
20 SLEEVES, MINI SNAP, DECK VAULT, CHROMAFUSION TECHNOLOGY, and
21 TOPLOADER, all remained in force. See Brownell Decl., ¶19. This uncertainty,
22 coupled with Ultra Pro’s aggressive stance, hung over BCW like the sword of
23 Damocles. The looming threat of takedown notices, interference with retailers, and
24 potential damage to customer relationships created an environment of constant anxiety,
25 especially leading into the critical holiday sales season. Brownell Decl., ¶¶19, 21.

26 Facing the prospect of irreparable harm to its business, its reputation, and its
27 crucial relationships with retailers and service providers, BCW recognized the urgent
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1 need for a definitive legal ruling to safeguard its operations and ensure fair competition
2 in the marketplace. Brownell Decl., ¶¶19-20.

3 Therefore, BCW filed suit against Ultra Pro on September 30, 2024 in the
4 Southern District of Indiana seeking a declaratory judgment that: (1) BCW’s (and by
5 implication, BCW’s customers’) conduct does not infringe or dilute Ultra Pro’s alleged
6 trademarks ULTRA PRO; PENNY SLEEVES; MINI SNAP; DECK VAULT;
7 CHROMAFUSION TECHNOLOGY; and TOPLOADER, or constitute unfair
8 competition under the Lanham Act, 15 U.S.C. §1051 et seq.; and (2) Ultra Pro owns
9 no valid, enforceable rights in the marks TOPLOADER, PENNY SLEEVES, PRO-
10 BINDER, MINI SNAP, CHROMAFUSION TECHNOLOGY, and DECK VAULT.
11 *BCW v. ULTRA PRO*, 24 C 1699 (S.D. Ind.). Brownell Decl., ¶21, Exh. E thereof.

12 On October 2, 2024, Ultra Pro filed the instant action in the Central District of
13 California against BCW and its President, Eric Brownell. (24 C 8467). It alleges, once
14 again, trademark infringement and related state law claims with respect to ULTRA
15 PRO; PRO BINDER; PENNY SLEEVES; MINI SNAP; DECK VAULT;
16 CHROMAFUSION TECHNOLOGY; and TOPLOADER. *Id.* at dkt 1.

17 **III. ARGUMENT**

18 **A. Governing Law.**

19 Fed.R.Civ.P. 13, the “first to file” rule, and 28 U.S.C. 1404(a) direct the outcome
20 of this motion.

21 **1. Fed.R.Civ.P. 13 and the “first to file” rule.**

22 Federal Rule of Civil Procedure 13(a) provides in part: “A pleading shall state
23 as a counterclaim any claim which at the time of serving the pleading the pleader has
24 against any opposing party, if it arises out of the transaction or occurrence that is the
25 subject matter of the opposing party's claim ...” In the Ninth Circuit, a counterclaim is
26 compulsory if there is any “logical relationship” between the claim and the
27 counterclaim. *See Pochiro v. Prudential Ins. Co. of America*, 827 F.2d 1246, 1249 (9th
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1 Cir. 1987) (federal courts apply the “liberal ‘logical relationship’ test to determine
2 whether two claims arise out of the same ‘transaction or occurrence’ ”); *Baker v. Gold*
3 *Seal Liquors, Inc.*, 417 U.S. 467, 469 n. 1, 94 S.Ct. 2504, 2506 n. 1, 41 L.Ed.2d 243
4 (1974) (“ ‘[T]ransaction’ is a word of flexible meaning which may comprehend a series
5 of occurrences if they have logical connection....”); *see also Albright v. Gates*, 362 F.2d
6 928, 929 (9th Cir. 1966) (noting “increasingly liberal construction” of Rule 13);
7 *Southern Constr. Co. v. Pickard*, 371 U.S. 57, 60, 83 S.Ct. 108, 110, 9 L.Ed.2d 31
8 (1962) (Rule 13 “was designed to prevent multiplicity of actions and to achieve
9 resolution in a single lawsuit of all disputes arising out of common matters.”); cf. 6
10 Charles A. Wright, Arthur R. Miller & Mary K. Kane, *Federal Practice and Procedure*
11 § 1410, pp. 52–55 (1990) (courts have held that relevant inquiries may also include (1)
12 whether the issues of fact and law raised by the claim and counterclaim largely the
13 same; (2) whether res judicata would bar a subsequent suit on defendant's claim absent
14 the compulsory counterclaim rule; and (3) whether substantially the same evidence
15 supports or refutes plaintiff's claim as well as defendant's counterclaim).

16 It is well established that an action may not be maintained where the claims
17 asserted should have been brought as compulsory counterclaims in a prior completed
18 action. *See Baker v. Gold Seal Liquors, Inc.*, 417 U.S. 467, 469 n. 1, 94 S.Ct. 2504,
19 2506 n. 1, 41 L.Ed.2d 243 (1974); *Sams v. Beech Aircraft Corp.*, 625 F.2d 273, 275 n.
20 4 (1980); *Springs v. First Nat'l Bank of Cut Bank*, 835 F.2d 1293, 1295 (9th Cir. 1988);
21 *see also* 6 Wright, Miller & Kane § 1417, p. 129 (1990).

22 If the prior action is still pending, the “first-to-file” rule (also called the “first-
23 filed” or the “prior pending action” rule) dictates that, in the absence of “exceptional
24 circumstances,” the later-filed action should be stayed, transferred or dismissed with
25 leave to plead the counterclaims in the prior pending action. *See Pacesetter Sys., Inc.*
26 *v. Medtronic, Inc.*, 678 F.2d 93, 94–95 (9th Cir. 1982) (“There is a generally recognized
27 doctrine of federal comity which permits a district court to decline jurisdiction over an
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1 action when a complaint involving the same parties and issues has already been filed
2 in another district.”); *Church of Scientology of California v. United States Dept. of*
3 *Army*, 611 F.2d 738, 749–50 (9th Cir. 1979) (“[T]he doctrine of federal comity [is] a
4 discretionary doctrine which permits one district to decline judgment on an issue which
5 is properly before another district.... The purpose of the comity principle is of
6 paramount importance. The doctrine is designed to avoid placing an unnecessary
7 burden on the federal judiciary, and to avoid the embarrassment of conflicting
8 judgments.... ‘[T]he first to file rule normally serves the purpose of promoting
9 efficiency well and should not be disregarded lightly.’); *EEOC v. Univ. of*
10 *Pennsylvania*, 850 F.2d 969, 972 (3d Cir. 1988) (first-filed rule should not be departed
11 from except in cases of “rare or extraordinary circumstances, inequitable conduct, bad
12 faith, or forum shopping”); *Adam v. Jacobs*, 950 F.2d 89, 94 (2d Cir. 1991) (vacating
13 district court judgment under Rule 13 and prior pending action rule for failing to
14 dismiss action as compulsory counterclaim in favor of prior pending action); *Banner*
15 *Indus. of New York, Inc. v. Sansom*, 830 F.Supp. 325, 328 (S.D.W.Va. 1993)
16 (dismissing action as compulsory counterclaim); 6 Wright, Miller & Kane § 1418, pp.
17 143–45 (1990) (“Ideally, once a court becomes aware that an action on its docket
18 involves a claim that should be a compulsory counterclaim in another pending federal
19 suit, it will stay its own proceedings or will dismiss the claim with leave to plead it in
20 the prior action.”).

21 **2. 28 U.S.C. 1404(a).**

22 Section 1404(a) provides that, “[f]or the convenience of parties and witnesses,
23 in the interest of justice, a district court may transfer any civil action to any other district
24 or division where it might have been brought or to any district or division to which all
25 parties have consented.” 28 U.S.C. § 1404(a). Section 1404(a) authorizes the Court to
26 transfer matters based on an “individualized, case-by-case consideration of
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1 convenience and fairness.” *Stewart Org., Inc. v. Ricoh Corp.*, 487 U.S. 22, 29, 108
2 S.Ct. 2239, 101 L.Ed.2d 22 (1988).

3 **B. The Court Should Dismiss Or Transfer The Instant Action.**

4 Two questions are raised here: (1) whether the instant action is a compulsory
5 counterclaim in the Indiana action; and (2) whether the instant action should be
6 dismissed or transferred pursuant to the first-to-file rule. The Court should answer both
7 in the affirmative.

8 **1. Ultra Pro’s Claims Are Compulsory Counterclaims In The**
9 **Indiana Action.**

10 Under the Ninth Circuit's liberal “logical relationship” test for compulsory
11 counterclaims, the Court should find that the instant action is logically related to the
12 claims in the Indiana action. In applying the “logical relationship” test, the court
13 considers “whether the essential facts of the various claims are so logically connected
14 that considerations of judicial economy and fairness dictate that all the issues be
15 resolved in one lawsuit.” *Pochiro v. Prudential Ins. Co. of Am.*, 827 F.2d 1246, 1249
16 (9th Cir. 1987).

17 In both the first-filed case pending in Indiana and the second action filed in
18 California, the operative facts hinge on whether BCW is lawfully using the alleged
19 trademarks. The operative facts necessary for Ultra Pro’s trademark claims are related
20 to the trademarks themselves and BCW’s use of the alleged trademarks. See *Applied*
21 *Info. Scis. Corp. v. eBay, Inc.*, 511 F.3d 966, 969 (9th Cir. 2007) (to
22 show trademark infringement under the Lanham Act, the plaintiff must show that (1)
23 the plaintiff owns a valid trademark; (2) the defendant is using the
24 plaintiff's trademark without the plaintiff's authorization; and (3) the defendant's use of
25 the trademark likely confuses consumers). If the Indiana District Court grants BCW
26 the declaratory relief sought, invalidating the trademarks at issue or finding non-
27 infringing use, that ruling will preclude Ultra Pro’s claims from proceeding. It is plain

1 that Ultra Pro's claims in this case constitute compulsory counterclaims in BCW's
2 earlier-filed suit in Indiana.

3 Accordingly, the Court should find that the instant action is a compulsory
4 counterclaim in the Indiana action. See, e.g., *G & M Tire Co. v. Dunlop Tire & Rubber*
5 *Corp.*, 36 F.R.D. 440, 441 (N.D.Miss. 1964) (manufacturer's claim against distributor
6 on note dismissed as compulsory counterclaim to distributor's prior-filed antitrust
7 action); *Park Club, Inc. v. RTC*, 967 F.2d 1053, 1057–58 (5th Cir. 1992) (lender's
8 claims for sums due under note and guarantees compulsory counterclaims to borrower's
9 action for breach of contract); *Sanders v. First Nat'l Bank & Trust Co.*, 936 F.2d 273,
10 276–77 (6th Cir. 1991) (borrower's claims against bank for fraud, duress and violations
11 of Bank Holding Company Act compulsory counterclaims to bank's claims against
12 borrower on notes and guarantees); *Bottero Enter., Inc. v. Southern New England Prod.*
13 *Credit Ass'n*, 743 F.2d 57, 58–59 (1st Cir. 1984) (borrower's action for breach of
14 contract underlying note and security interest compulsory counterclaim to lender's
15 action to foreclose on collateral); *Reconstruction Fin. Corp. v. First Nat'l Bank of Cody*,
16 17 F.R.D. 397, 403–04 (D.Wyo. 1955) (lender's claims against borrower that lender
17 was fraudulently induced as part of a conspiracy to make loans to borrower were
18 compulsory counterclaims in prior action brought against lender and borrower by
19 borrower's alleged co-conspirator to defeat lender's lien against borrower's assets).

20 2. Under Prevailing Law, the “first-to-file” Rule Applies.

21 Under the “first-to-file” rule, in the absence of “exceptional circumstances”
22 warranting a departure from that rule, this action should be dismissed or transferred in
23 favor of the Indiana action. In *Pacesetter Sys., Inc. v. Medtronic, Inc.*, 678 F.2d 93 (9th
24 Cir.1982), the Ninth Circuit approved the district court's application of the first-to-file
25 rule where the California district court dismissed a later-filed action in favor of a prior
26 pending action in a Florida district court involving the same issues of validity and
27 enforceability of certain patents. The Ninth Circuit stated:

1 We agree with the district court that the goal of judicial
2 efficiency would not have been served by accepting
3 jurisdiction.... [P]ermitting multiple litigation of these identical
4 claims could serve no purpose of judicial administration, and the
5 risk of conflicting determinations as to the patents' validity and
6 enforceability was clear. No apparent bar existed to a
7 presentation of Pacesetter's claims and defenses before the
8 Florida court. That forum was capable of efficiently resolving all
9 issues, and economic use of both courts' resources resulted from
10 the California court's refusal to consider Pacesetter's claims.

11 *Id.* at 96; *Church of Scientology of California v. United States Dept. of Army*,
12 611 F.2d 738, 749–50 (9th Cir.1979) (“[T]he doctrine of federal comity [is] a
13 discretionary doctrine which permits one district to decline judgment on an issue which
14 is properly before another district.... The purpose of the comity principle is of
15 paramount importance. The doctrine is designed to avoid placing an unnecessary
16 burden on the federal judiciary, and to avoid the embarrassment of conflicting
17 judgments.... [T]he ‘first to file’ rule normally serves the purpose of promoting
18 efficiency well and should not be disregarded lightly.”).

19 Moreover, the “first-to-file” rule applies even if the parties and claims are similar
20 but not identical. See *Randall May Int’l Inc. v. Pearl Corp.*, No.
21 SACV1300016JVSARNBX, 2013 WL 12130018, at *2–4 (C.D.Cal. June 3, 2013)
22 (generally, the determination of whether to transfer pursuant to the first-to-file rule
23 begins with consideration of “[t]hree [separate] threshold factors,” stated as “(1) the
24 chronology of the two actions; (2) the similarity of the parties; and (3) the similarity of
25 the issues.” *Guthy-Renker Fitness, LLC v. Icon Health & Fitness, Inc.*, 179 F.R.D. 264,
26 270 (C.D. Cal. 1998). . . The second and third factors do not require that the parties and
27 issues be identical; rather, they merely require that they be similar. See, e.g., *Meints v.*
28 *Regis Corp.*, No. 09CV2061 WQH (CAB), 2010 WL 625338, at *2 (S.D.Cal. Feb. 16,
2010) (“[T]he cases and parties need not be completely identical....”); *Medlock v. HMS*

1 *Host USA, Inc.*, No. CV F 10-2167 LJO GSA, 2010 WL 5232990, at *5 (E.D.Cal. Dec.
2 16, 2010) (noting that the first-to-file rule requires only similarity of issues, not
3 identical issues); *Z-Line Designs, Inc. v. Bell'O Int'l LLC*, 218 F.R.D. 663, 665 (N.D.
4 Cal. 2003) (same)). The fact that Ultra Pro named BCW's principal, Eric Brownell, as
5 an additional party defendant, and added a few state law claims in addition to Lanham
6 Act claims, does not undermine the case for dismissing or transferring this action, since
7 the trademarks at issue and the corporate parties are identical in both actions. Here too,
8 judicial efficiency and avoidance of duplicative litigation would not be served by
9 accepting jurisdiction of the instant action, which is essentially the flip side of the
10 earlier-filed litigation in Indiana over the enforceability of the exact same trademarks.
11 Permitting the instant action to proceed would risk conflicting determinations—for
12 instance, the Indianapolis action might result in cancellation of the subject marks that
13 are the subject of the instant action which seeks to enforce them.

14 Moreover, no apparent bar exists to Ultra Pro pursuing its claims in the Indiana
15 action via counterclaims. Identical issues have been raised in both actions, and the
16 issues relating to the instant action are properly before the Indiana court (which is fully
17 capable of efficiently resolving all issues raised in both actions). These claims and
18 parties should stay in Indiana. See *Church of Scientology*, 611 F.2d at 749 (district
19 court may “decline judgment on an issue which is properly before another district”).
20 Interests of judicial administration thus strongly favor dismissal or transfer and no
21 exceptional circumstances exist to indicate otherwise.

22 **3. Dismiss is Optimal.**

23 Dismissal is the preferred result under the circumstances, as it will allow Ultra
24 Pro to plead its claims as counterclaims in Indiana, thereby placing both sides of the
25 issues before the *same* judge for adjudication, in the *same* case. Transferring this case
26 to Indiana and consolidating it with the prior pending action would be more
27 cumbersome, while offering no compelling advantage over dismissal.

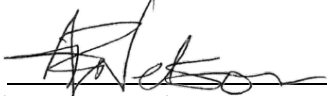
1 **IV. CONCLUSION**

2 BCW's Indian action is the prior filed action, involving the same claims and
3 parties. Under the Ninth Circuit's first-to-file rule, this matter should be dismissed so
4 Ultra Pro may file its compulsory counterclaims in that action. Accordingly,
5 Defendants respectfully request an order dismissing this matter. In the alternative,
6 defendants respectfully request an order transferring this case to the Southern District of
7 Indiana, Indianapolis Division, where it can be consolidated with the prior pending Indiana
8 case.

9
10 L.R. 11-6.2 Certificate of Compliance: The undersigned, counsel of record for
11 Defendants BCW DIVERSIFIED, INC. and ERIC BROWNELL, certifies that this
brief contains 3,270 words, which complies with the word limit of L.R. 11-6.1.

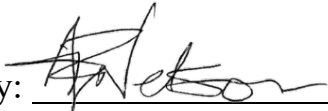
12 DATED: October 22, 2024

FORWARD COUNSEL LLP

13
14 By: 
15 Andrew R. Nelson
16 Attorneys for Defendants
17 BCW DIVERSIFIED, INC. and ERIC
18 BROWNELL
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CERTIFICATE OF SERVICE

I hereby certify that on October 22, 2024, I electronically filed the foregoing document with the Clerk of the Court using the Court's CM/ECF system, which will send a notice of electronic filing to all CM/ECF participants.

By: _____

Andrew R. Nelson
FORWARD COUNSEL LLP
4340 Von Karman Avenue, Suite 380
Newport Beach, CA 92660
Email: anelson@forwardcounsel.com
Phone: (949) 258-9359
Facsimile: (949) 273-1070